

**AGENDA:** February 10, 2004

**7.4**

**CATEGORY:** New Business

**DEPT.:** Public Works

**TITLE:** Graham Reservoir and Field,  
Project 01-39—Approve Reservoir  
Capacity

### **RECOMMENDATION**

Approve a Graham Reservoir storage capacity of 8 million gallons (MG).

### **FISCAL IMPACT**

The recommended funding strategy for the Graham Reservoir project consolidates funding from several sources:

- Water Well No. 23: \$1.27 million from available balances in the Water Fund.
- Reservoir Project: The cost of the reservoir project with the 8 MG capacity is \$12.09 million. The recommended funding breakdown is as follows:
  - \$9.42 million in bonds issued by the Water Fund.
  - \$1.67 million from the Shoreline Regional Park Community Fund's available balance.
  - \$1.00 million in contribution from the Mountain View-Whisman School District.

Project funding will be included in the 2004-05 Capital Improvement Program (CIP) and staff will be returning to the City Council prior to construction for the authorization to issue bonds.

### **BACKGROUND AND ANALYSIS**

On June 24, 2003, the City Council authorized staff to enter into agreements with the Mountain View-Whisman School District for the right to install and operate a new 4 MG to 8 MG reservoir and groundwater well under Graham Middle School playfield property for up to 99 years in exchange for the City installing new playfields for both school and public use after school hours. Design is under way and construction is anticipated to begin this summer.

### Reservoir Capacity

Over the past decade, the City has implemented an aggressive program of capital projects called the Water Master Plan to improve water system operations and water storage. The plan also called for construction of two wells—one is under construction behind the Police/Fire Administration Building and the second, currently on the CIP unscheduled list, is proposed for the Graham Middle School site.

Various water storage studies conducted in support of the Water Master Plan recommended construction of an additional 4 MG reservoir to meet the minimum need for the year 2015 operational, fire supply and emergency supply requirements within the City. The year 2015 goal of an additional 4 MG was considered a longer-term goal beyond the Water Master Plan horizon. With the Graham Reservoir project, the City now has a cost-effective opportunity to meet and exceed the 2015 storage requirements.

The Graham Middle School site provides an excellent opportunity to double the reservoir capacity and construct the 8 MG reservoir for an incremental cost of \$2.81 million or \$0.70 per additional gallon of storage. For comparison, the project unit cost for the first 4 MG of storage is \$2.32 per gallon. The total City water storage available would be 22.6 MG with the 4 MG reservoir project and 26.6 MG with the 8 MG reservoir project, providing water for 1.5 days to 1.8 days, respectively, based on the projected year 2015 average day demand. The total cost of the Graham Reservoir project with a 4 MG capacity is \$10.55 million. The total cost of the project with an 8 MG capacity is \$13.36 million (Attachment 1).

### Funding Strategy

The recommended funding strategy is outlined below.

- Water Master Plan Well No. 23—The Water Master Plan projects were implemented over the past decade on a pay-as-you-go basis from available balances in the Water Fund. Consistent with that strategy, staff recommends funding the Well No. 23 portion of the project from available Water Fund balances.
- Reservoir and Field Improvements—The adopted Capital Improvement Program approved the estimated 4 MG project of \$8.10 million to be funded by issuing bonds. Issuing bonds for the reservoir is recommended because the project is designed to meet future storage requirements as opposed to Water Master Plan projects that addressed immediate water system needs. Consequently, with bond financing, future rate payers will help support the cost of meeting their water storage needs. Rates have been incrementally increased in prior years to support up to a \$10.00 million project. There should be no future rate impact.

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- Shoreline Regional Park Community Contribution—The construction of municipal infrastructure to support the North Bayshore Area is an integral purpose of the Community's enabling legislation. The City's water model projects that by 2015, 12.31 percent of the total water demand in the City will be from the North Bayshore Area. Consequently, a contribution of \$1.67 million to this project is proposed, including a prorated share of the previously approved design contract.

In summary, staff recommends designing the larger reservoir to take advantage of economies of scale and to maximize the water system benefit of the City's investment in school-related site improvements. With the proposed funding strategy, the larger facility can be accomplished with no additional cost to City ratepayers. Staff will return to the City Council with implementing actions as required by the project schedule. The next series of City Council actions are anticipated in March 2004 with funding appropriations, certifying environmental documents and authorization to advertise for the first phase of construction.

**PUBLIC NOTICING**—Agenda posting.

Prepared by:

Approved by:

Ninh M. Le  
Principal Civil Engineer

Cathy R. Lazarus  
Public Works Director

Kevin C. Duggan  
City Manager

NML/9/CAM  
704-02-10-04M-E^

Attachment: 1. Estimated Construction Budget

cc: Ms. Rebecca Wright, Chief Financial Officer  
Mountain View-Whisman School District

APWD—Ko, AFASD, EEM, PCE—Kagiyama, PCE—Le, SCE—Sajjan, USM, File